

**WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
WESTCHESTER TOWN CENTER BID
BOARD OF DIRECTORS MEETING
REPORT**

TO: Board of Directors

FR: Donald R. Duckworth,
Executive Director



DATE: June 18, 2013

SUBJ: Proposed CPI Adjustment of WTC BID Assessments for 2014

BACKGROUND / ISSUE

The adopted Management District Plan (MDP) provides that Westchester Town Center BID revenues may be increased by the WBIA Board of Directors “annually according to the change in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.” The City Clerk’s Office has established a deadline of June 1 for submitting the BID’s assessments for its FY 2014 operations, including any adjustments thereto. This Board Report will provide the information necessary for the WBIA to approve a 1% CPI adjustment, which is recommended.

DISCUSSION

Attachment I to this Board Report is an excerpt from the adopted MDP, the Multi Year Budget including CPI increase language.

Attachment II to this Board Report is a copy of the CPI statistics published by the U. S. Department of Labor, Bureau of Labor Statistics, which shows an annual CPI increase of 1%, which is being recommended for adoption for implementation effective January 1, 2014.

The WTC BID currently enjoys healthy financial balances, which should not be misinterpreted to suggest that the inflation adjustment should not be exercised. In fact, fiscally prudent management of the organization for its continued future fiscal health really depends on the Board taking incrementally reasonable steps that capture a portion of the inflationary cost spiral as it occurs. Future BID Boards will not be able to make up for CPI increases that were foregone in the past.

In fact a 1% CPI based adjustment produces about \$3,206 per year. While there are no particular plans for the expenditure of these funds as this Board Report is written, a \$0.50 / hr or 4% increase for the BID Ambassador, a program recently surveyed to have over 85% support of WTC’s “pedestrians on the street,” would require about 1/3 of the increase. Palm tree lighting, a program recently surveyed to have over 70% support of

WTC “pedestrians on the street,” is being only gradually implemented because of the need to maintain adequate cash flow balances and might well consume more than the balance of any increase.

At the same time, the WBIA Board and Executive Director have been “tight-fisted” in making limited financial commitments for the BID; and, WTC BID services have produced a premier business environment benefiting all property owners. By word of mouth, property managers in the WTC BID area have reported lower vacancy rates during the “Great Recession” than during previous economic down turns. And several properties sold during that period. This is far different experience than other non-WTC BID business areas.

One Board Member asked “whether or not discontinuation of the Halloween Town Fair event was sufficient to avoid the need for a CPI increase.” The answer is that “if that event were held this year, at a cost similar to that experienced in the past, then it would have further, imprudently stressed the BID’s budget. This, of course was part of the Board’s decision-making information in deciding not to continue the event in 2014.

Consequently, it seems most prudent for the WBIA to adopt a 1% CPI assessment inflator for the coming fiscal year.

Attachment III of this Board Report is a copy of the three-column assessment roll that has been requested by the City Clerk’s Office.

RECOMMENDATION

It is therefore recommended that the WBIA Board of Directors approve the adjustment of 2014 WTC BID assessments by one per cent (1%) over the prior year’s levels and authorize the Executive Director to submit to appropriately revised assessment roll to the City of Los Angeles for implementation.

As I many answer any questions, please let me know.

ATTACHMENT I.
WTC BID MULTI YEAR BUDGET
&
CPI INCREASE LANGUAGE

WESTCHESTER PBID SERVICE PLAN MULTI YEAR BUDGET 2012 - 2021

Item	Annual Budget Costs										TOTAL
	Year #1 2012	Year #2 2013	Year #3 2014	Year #4 2015	Year #5 2016	Year #6 2017	Year #7 2018	Year #8 2019	Year #9 2020	Year #10 2021	
A. Ambassador	\$36,600	37,698	\$38,629	\$39,964	\$41,194	\$42,429	43,702	\$45,013	\$46,364	\$47,755	\$419,578
B. Landscape Maintenance, Sanitation, & Beautification	\$101,575	104,622	107,761	110,964	114,324	\$117,753	121,286	124,924	128,672	132,532	\$1,164,444
C. Marketing & Promotions	\$46,000	48,440	50,923	52,451	54,024	\$55,645	57,315	59,034	60,805	62,629	\$550,266
D. New Business Attraction	\$10,000	10,300	10,609	10,927	11,255	\$11,593	11,941	12,299	12,668	13,048	\$114,839
E. Public Works Maintenance & Administration	\$50,000	51,500	53,000	54,500	56,000	\$57,500	59,000	60,500	62,000	63,500	\$550,000
F. Office Insurance, Accounting & Other	\$34,000	35,020	36,071	37,153	38,262	\$39,415	40,598	41,822	43,090	44,400	\$370,781
G. Sub Total	\$292,175	\$300,540	\$309,968	\$319,266	\$328,846	\$338,711	\$348,872	\$359,336	\$370,119	\$381,222	\$3,342,456
G. Uncollected Assessment Reserve	\$10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	\$114,839
GRAND TOTAL BUDGET	\$302,175	\$311,240	\$320,577	\$330,195	\$340,101	\$350,304	\$360,813	\$371,637	\$382,786	\$394,270	\$3,484,098

NOTE: The District will endeavor to reduce and/or supplement budgeted expenditures through donations and prudent management practices. All District assessments are subject to inflationary increases based upon movement in the Los Angeles - Orange - Riverside Consumer Price Index for All Urban Consumers, not to exceed three per cent (3%) per fiscal year. The maximum assessment level is assumed above. Some shifting of actual expenditures from the above budget may occur. The District Fiscal Year will be January 1 through December 31 of each calendar year. Contingency and cash flow reserve funds may be used in any fiscal year. Unexpended assessments or uncompleted projects from one fiscal year may be carried forward and rebudgeted for subsequent fiscal years for any approved District purpose. Unexpended assessment revenues from District operations may be carried forward and rebudgeted for any renewal item.

ATTACHMENT II.

**CPI STATISTICS
MAY 2013**



Western Information Office

NEWS RELEASE INFORMATION

13-1208-SAN

Tuesday, June 18, 2013

CONTACTS

Technical Information: (415) 625-2284 Media Contact: (415) 625-2270, option

1 BLSInfoSF@bls.gov www.bls.gov/ro9

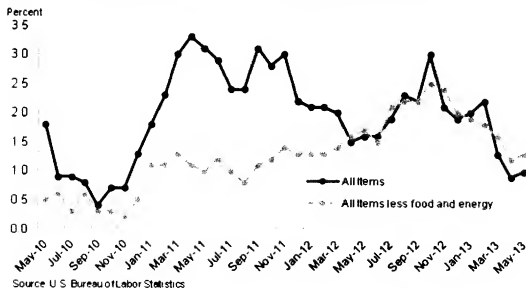
Consumer Price Index, Los Angeles area – May 2013

Area prices were up 0.1 percent over the past month, up 1.0 percent from a year ago

Prices in the Los Angeles area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), inched up 0.1 percent in May, the U.S. Bureau of Labor Statistics reported today. (See table A.) Regional Commissioner Richard J. Holden noted that the May increase was influenced by higher prices for shelter and natural gas service. (Data in this report are not seasonally adjusted. Accordingly, month-to-month changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U advanced 1.0 percent. (See chart 1.) Energy prices declined 1.4 percent, largely the result of a decrease in the price of gasoline. The index for all items less food and energy advanced 1.3 percent since May 2012.

Chart 1. Over-the-year percent change in CPI-U, Los Angeles, May 2010–May 2013



Food

Food prices decreased 0.2 percent for the month of May. (See table 1.) Prices for food at home declined 0.4 percent, while prices for food away from home were unchanged for the same period.

Over the year, food prices rose 0.8 percent. Prices for food at home advanced 1.1 percent since a year ago, and prices for food away from home rose 0.5 percent.

Energy

The energy index rose 1.4 percent over the month. The increase was mainly due to higher prices for natural gas service (11.5 percent). Prices for gasoline rose 0.7 percent, while prices for electricity were unchanged in May.

Energy prices decreased 1.2 percent over the year, largely due to lower prices for gasoline (-5.7 percent). Prices paid for natural gas service jumped 21.9 percent, and prices for electricity increased 5.9 percent during the past year.

All items less food and energy

The index for all items less food and energy inched up 0.1 percent in May. Higher prices for shelter (0.3 percent) were partially offset by lower prices for other goods and services (-1.5 percent) and apparel (-1.1 percent).

Over the year, the index for all items less food and energy advanced 1.3 percent. Components contributing to the increase included education and communication (2.6 percent) and shelter (1.8 percent). Partly offsetting the increases were price declines in household furnishings and operations (-1.2 percent) and apparel (-0.3 percent).

Table A. Los Angeles-Riverside-Orange County CPI-U monthly and annual percent changes (not seasonally adjusted)

	2008		2009		2010		2011		2012		2013	
Month	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
January	0.7	3.9	0.5	-0.1	0.4	1.8	0.9	1.8	0.8	2.1	0.8	2.0
February	0.2	3.1	0.3	0.0	0.0	1.4	0.5	2.3	0.5	2.1	0.7	2.2
March	1.0	3.3	0.0	-1.0	0.4	1.9	1.1	3.0	1.0	2.0	0.1	1.3
April	0.5	3.1	0.1	-1.3	0.2	1.9	0.5	3.3	0.0	1.5	-0.4	0.9
May	0.9	3.7	0.4	-1.8	0.2	1.8	0.0	3.1	0.1	1.6	0.1	1.0
June	1.1	5.4	0.6	-2.2	-0.2	0.9	-0.4	2.9	-0.4	1.6		
July	0.4	5.7	0.0	-2.6	0.1	0.9	-0.4	2.4	-0.1	1.9		
August	-0.6	5.1	0.2	-1.7	0.2	0.8	0.2	2.4	0.6	2.3		
September	-0.5	4.5	0.3	-1.0	-0.1	0.4	0.5	3.1	0.4	2.2		
October	-0.6	3.4	0.0	-0.4	0.3	0.7	0.0	2.8	0.8	3.0		
November	-1.7	1.0	-0.4	0.9	-0.4	0.7	-0.1	3.0	-1.0	2.1		
December	-1.2	0.1	-0.3	1.8	0.3	1.3	-0.5	2.2	-0.7	1.9		

CPI-W

In May, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) was 232.387, up 0.2 percent from April. The CPI-W increased 1.0 percent over the year.

The June 2013 Consumer Price Index for the Los Angeles-Riverside-Orange County is scheduled to be released on July 16, 2013, at 10:00 a.m. (PDT).

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 88 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 29 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 4,000 housing units and approximately 26,000 retail establishments—department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details see the CPI home page on the Internet at www.bls.gov/cpi and the *BLS Handbook of Methods, Chapter 17, The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/homch17_a.htm.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.

The Los Angeles-Riverside-Orange County, CA. metropolitan area covered in this release is comprised of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties in the State of California.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; Federal Relay Service: 1-800-877-8339.

[Please click here for a text formatted copy of the table issued with this release.](#)

Last Modified Date: June 18, 2013

U.S. Bureau of Labor Statistics | Western Information Office, Attn: EA & I, P.O. Box 193766, San Francisco, CA 94119-3766

www.bls.gov/ro9 | Telephone: 1-415-625-2270 | [Contact Western Region \(RO9\)](#)

ATTACHMENT III.

**WTC BID 2014 ASSESSMENT ROLL
(THREE-COLUMN FORMAT)**

Westchester Town Center 2014
Non-Govt Parcels

APN	Total Assessment 2012	Total Assessment 2013 (+2%)	Total Assessment 2014 (+1%)	Agency Acct #
4107-035-017	\$11,444.19	\$11,673.07	\$11,789.80	188.83
4107-035-018	\$0.00	\$0.00	\$0.00	
4108-019-028	\$3,482.43	\$3,552.08	\$3,587.60	
4108-019-029	\$2,727.45	\$2,782.00	\$2,809.82	
4122-001-001	\$3,545.57	\$3,616.48	\$3,652.65	
4122-001-003	\$5,176.77	\$5,280.30	\$5,333.11	
4122-001-004	\$12,885.36	\$13,143.07	\$13,274.50	
4122-001-005	\$17,725.05	\$18,079.55	\$18,260.35	
4122-001-006	\$780.91	\$796.52	\$804.49	
4122-001-007	\$6,171.25	\$6,294.68	\$6,357.63	
4122-001-012	\$3,546.24	\$3,617.17	\$3,653.34	
4122-001-013	\$1,966.40	\$2,005.73	\$2,025.79	
4122-024-048	\$2,794.45	\$2,850.33	\$2,878.84	
4122-024-051	\$14,166.26	\$14,449.58	\$14,594.08	
4122-035-021	\$2,842.44	\$2,899.29	\$2,928.28	
4122-035-026	\$3,444.96	\$3,513.86	\$3,549.00	
4122-035-027	\$1,491.93	\$1,521.77	\$1,536.99	
4122-035-028	\$932.46	\$951.11	\$960.62	
4122-035-029	\$1,642.48	\$1,675.33	\$1,692.08	
4122-035-030	\$3,994.89	\$4,074.79	\$4,115.54	
4122-035-031	\$6,545.42	\$6,676.33	\$6,743.09	
4122-036-005	\$342.60	\$349.45	\$352.94	
4122-036-022	\$2,023.27	\$2,063.73	\$2,084.37	
4122-036-023	\$686.44	\$700.17	\$707.17	
4122-036-024	\$686.44	\$700.17	\$707.17	
4122-036-025	\$344.09	\$350.97	\$354.48	
4122-036-026	\$6,951.54	\$7,090.57	\$7,161.48	
4122-036-027	\$9,315.84	\$9,502.15	\$9,597.18	
4122-036-028	\$7,473.48	\$7,622.95	\$7,699.18	
4122-036-029	\$1,834.38	\$1,871.07	\$1,889.78	
4122-036-030	\$1,688.88	\$1,722.66	\$1,739.89	
4122-036-031	\$3,880.10	\$3,957.70	\$3,997.28	
4123-001-001	\$3,052.52	\$3,113.57	\$3,144.71	
4123-001-002	\$1,638.74	\$1,671.52	\$1,688.23	
4123-001-003	\$2,853.03	\$2,910.09	\$2,939.20	
4123-001-032	\$13,210.60	\$13,474.81	\$13,609.56	
4123-001-007	\$1,373.71	\$1,401.19	\$1,415.20	
4123-001-008	\$602.63	\$614.68	\$620.83	
4123-001-009	\$661.33	\$674.56	\$681.30	
4123-001-010	\$1,021.33	\$1,041.76	\$1,052.17	
4123-001-011	\$292.19	\$298.03	\$301.01	
4123-001-012	\$923.49	\$941.96	\$951.38	
4123-001-016	\$3,584.03	\$3,655.71	\$3,692.26	
4123-001-019	\$479.87	\$489.47	\$494.37	
4123-001-020	\$383.35	\$391.02	\$394.93	
4123-001-021	\$576.39	\$587.92	\$593.80	
4123-001-022	\$383.35	\$391.02	\$394.93	
4123-001-023	\$288.18	\$293.94	\$296.88	
4123-001-024	\$288.18	\$293.94	\$296.88	
4123-001-025	\$479.87	\$489.47	\$494.37	
4123-001-026	\$296.28	\$302.21	\$305.23	
4123-001-027	\$1,408.75	\$1,436.92	\$1,451.29	
4123-001-028	\$2,757.61	\$2,812.76	\$2,840.89	
4123-001-029	\$1,393.50	\$1,421.37	\$1,435.58	
4123-001-030	\$345.57	\$352.48	\$356.00	

Westchester Town Center 2014
Non-Govt Parcels

APN	Total Assessment 2012	Total Assessment 2013 (*+2%)	Total Assessment 2014 (*+1%)	Agency Acct #
4123-001-031	\$6,359.80	\$6,487.00	\$6,551.87	
4123-002-001	\$2,156.92	\$2,200.06	\$2,222.06	
4123-002-002	\$5,142.80	\$5,245.65	\$5,298.11	
4123-002-003	\$1,524.29	\$1,554.77	\$1,570.32	
4123-002-004	\$2,381.36	\$2,428.99	\$2,453.28	
4123-002-005	\$1,923.97	\$1,962.45	\$1,982.08	
4123-002-006	\$1,352.39	\$1,379.43	\$1,393.23	
4123-002-007	\$624.64	\$637.13	\$643.50	
4123-002-008	\$768.05	\$783.41	\$791.25	
4123-002-009	\$624.64	\$637.13	\$643.50	
4123-002-010	\$1,776.07	\$1,811.60	\$1,829.71	
4123-002-014	\$948.93	\$967.91	\$977.59	
4123-002-015	\$600.20	\$612.21	\$618.33	
4123-002-016	\$573.19	\$584.65	\$590.50	
4123-002-017	\$361.59	\$368.83	\$372.51	
4123-002-018	\$358.40	\$365.57	\$369.22	
4123-002-019	\$911.06	\$929.28	\$938.57	
4123-002-020	\$1,152.53	\$1,175.58	\$1,187.33	
4123-002-021	\$549.00	\$559.98	\$565.58	
4123-002-022	\$553.99	\$565.07	\$570.72	
4123-002-023	\$507.39	\$517.54	\$522.71	
4123-002-024	\$521.82	\$532.25	\$537.58	
4123-002-025	\$529.79	\$540.38	\$545.78	
4123-002-026	\$518.17	\$528.53	\$533.82	
4123-002-027	\$1,716.39	\$1,750.72	\$1,768.23	
4123-003-001	\$4,103.17	\$4,185.24	\$4,227.09	
4123-003-002	\$1,030.91	\$1,051.53	\$1,062.05	
4123-003-003	\$771.88	\$787.32	\$795.20	
4123-003-004	\$2,443.06	\$2,491.92	\$2,516.84	
4123-003-005	\$1,355.05	\$1,382.15	\$1,395.97	
4123-003-006	\$319.83	\$326.22	\$329.49	
4123-003-007	\$349.17	\$356.15	\$359.71	
4123-003-008	\$174.57	\$178.06	\$179.84	
4123-003-009	\$227.89	\$232.45	\$234.78	
4123-003-010	\$131.92	\$134.56	\$135.90	
4123-003-011	\$3,007.93	\$3,068.09	\$3,098.77	
4123-003-012	\$581.04	\$592.66	\$598.59	
4123-003-013	\$4,033.30	\$4,113.96	\$4,155.10	
4123-003-014	\$909.61	\$927.80	\$937.08	
4123-003-015	\$661.88	\$675.11	\$681.86	
4123-003-016	\$486.44	\$496.17	\$501.13	
4123-003-017	\$694.80	\$708.69	\$715.78	
4123-003-018	\$989.40	\$1,009.19	\$1,019.28	
4123-003-019	\$489.19	\$498.97	\$503.96	
4123-003-020	\$1,517.35	\$1,547.69	\$1,563.17	
4123-003-021	\$1,511.25	\$1,541.48	\$1,556.89	
4123-003-022	\$1,104.15	\$1,126.24	\$1,137.50	
4123-003-023	\$648.28	\$661.25	\$667.86	
4123-003-024	\$619.02	\$631.40	\$637.71	
4123-003-025	\$581.83	\$593.47	\$599.41	
4123-003-026	\$729.86	\$744.45	\$751.90	
4123-003-027	\$731.30	\$745.92	\$753.38	
4124-001-003	\$1,125.24	\$1,147.75	\$1,159.23	
4124-001-004	\$1,251.79	\$1,276.82	\$1,289.59	
4124-001-005	\$1,152.26	\$1,175.30	\$1,187.05	

Westchester Town Center 2014
Non-Govt Parcels

APN	Total Assessment 2012	Total Assessment 2013 ('+2%)	Total Assessment 2014 ('+1%)	Agency Acct #
4124-001-006	\$944.76	\$963.66	\$973.29	
4124-001-007	\$2,456.37	\$2,505.50	\$2,530.56	
4124-001-008	\$2,344.22	\$2,391.10	\$2,415.01	
4124-001-009	\$507.61	\$517.76	\$522.94	
4124-001-010	\$342.27	\$349.12	\$352.61	
4124-001-011	\$333.21	\$339.88	\$343.28	
4124-001-017	\$8,888.05	\$9,065.81	\$9,156.47	
4124-001-018	\$2,958.19	\$3,017.35	\$3,047.52	
4123-004-002	\$2,267.66	\$2,313.02	\$2,336.15	
4123-004-010	\$2,809.64	\$2,865.83	\$2,894.49	
4123-004-011	\$5,712.61	\$5,826.86	\$5,885.13	
4123-006-012	\$1,840.02	\$1,876.83	\$1,895.59	
4123-006-025	\$6,121.57	\$6,244.00	\$6,306.44	
4123-006-026	\$1,623.97	\$1,656.45	\$1,673.01	
4124-002-001	\$3,000.43	\$3,060.43	\$3,091.04	
	\$291,149.82	\$296,972.82	\$299,942.54	

Westchester Town Center 2014
Govt Parcels

APN	Total Assessment 2012	Total Assessment 2013 (*+2%)	Total Assessment 2014 (*+1%)	Agency Acct #
4122-022-928	\$3,302.33	\$3,368.38	\$3,402.06	188.83
4122-023-917	\$1,571.64	\$1,603.07	\$1,619.10	
4122-024-918	\$4,280.09	\$4,365.70	\$4,409.35	
4124-002-916	\$1,870.82	\$1,908.23	\$1,927.31	
	\$11,024.88	\$11,245.38	\$11,357.83	
	<u>\$291,149.82</u>	<u>\$296,972.82</u>	<u>\$299,942.54</u>	
	\$302,174.70	\$308,218.20 2.00%	\$311,300.37 1.00%	